LAW: The Business, The Practice

Is bigger really better? Some lawyers don’t think so. They’ve opened boutique firms with niche practice areas.

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By Sean Meyers, Contributing Writer

A growing number of Washington’s most successful attorneys are finding their bliss running “boutique” law firms.

Higher net compensation, lower operating fees, better work-life balance and greater job satisfaction are among the reasons lawyers say they left larger firms to work in boutiques, loosely defined as a firm having fewer than 20 attorneys and limited to one distinct area of practice.

“When you shirk the rent and other overhead that comes with an office on the 41st floor of a skyscraper, your entire life changes,” said Gabriel Galanda, who founded his Indian legal space firm in 2010 and just added an eighth lawyer.

He launched Galanda Broadman PLLC as a Valentine’s Day present to his wife, who was pregnant with twins and yearned to advance her career as a pediatrician. He knew that wouldn’t be possible with him working for a large firm.

“I was always chasing billing hours. There was no way I could reconcile that with my expectation of my responsibilities as a husband and father,” he said.

Today, his office in Seattle’s Wedgewood neighborhood is right around the corner from his home and his law partner lives near their Bend, Ore., office.

“We get clients I don’t think we would have gotten at a big firm. They get better value with us. A lot of clients don’t need to look at the Space Needle when they’re talking to a lawyer,” Galanda said.

If Galanda base-jumped from his old law firm, Scott O’Halloran parasailed. He and 10 of his associates left Williams Kastner & Gibbs PLLC earlier this year to merge with Fain Anderson VanDerhoef’s seven attorneys, forming Fain Anderson VanDerhoef Rosendahl O’Halloran Spillane (FAVROS).
They had a soft landing at Fain, where Chris Anderson eagerly awaited. He had departed Williams Kastner 18 years earlier to start his boutique. “Some of those people were, and still are, my dearest friends,” Anderson said.

O’Halloran said the “collegial” atmosphere of a smaller firm was a major draw, as was the opportunity to expand what may be the most formidable health-care litigation team in the state.

“It’s getting more and more complex. The health care legal landscape is changing rapidly. We wanted to put together a firm that could really focus its efforts,” said O’Halloran. Health care budgets are being squeezed and a small firm can offer a much more flexible fee arrangement, he added.

In its first six months, FAVROS has tried five complex medical liability cases, garnering three defense verdicts, one hung jury and one jury award that was less than the proposed settlement.

Adapting to new network and document management software systems was the biggest challenge in setting up the new firm, said O’Halloran, but new IT enables small firms able to compete fiercely.

“We can do electronic research, so there’s no need for a big, expensive law library,” he said. “Clients are very IT savvy. They want to communicate through technology as much as possible, and 10 years ago that software was either not available or was too expensive.”

Many of the state’s most established boutique firms were created in the economic turmoil of the 1980s, when mergers, acquisitions and failures spawned disenchanted lawyers who elected to strike out on their own.

The dissolution of Bogle & Gates in the mid-Eighties created several smaller firms now considered among the state’s best boutiques, said O’Halloran. “A lot of stars came out of that law firm.”

One was the late Peter Byrnes, who formed what is now Byrnes Keller Cromwell LLP. Paul Taylor was a U.S Department of Justice attorney who was impressed when he wrangled with Byrnes over a U.S. Forest Service bid-rigging case. “I was trying to indict his client,” Taylor remembered cheerfully. “Later I tracked him down and asked him for a job.”

Taylor has been with the seven-lawyer boutique firm since 1988 and loves the team culture. “It was the best decision I ever made. We all know what’s going on in each other’s cases. We don’t bite off more than we can chew,” said Taylor.

Despite its modest size, Byrnes Keller Cromwell LLP gets some top-drawer cases, including R.J. Reynolds tobacco and Seattle Supersonics litigation. When Jim Webb, executive vice president Chesapeake Power in Oklahoma City, decided he needed to litigate a high profile case in Michigan, he initially looked to hire a local firm.

“But then I thought, ‘I know the best litigators in the country.’ I’d worked with Paul and Brad (Keller) on the Sonics case. And the price was very attractive. If they worked for the largest law firm in the country, I probably would have found a way to pay the higher rate. But that’s the beauty of the fee structure at boutique law firms,” said Webb.

Jason Whalen, founding partner at newly minted Ledger Square Law, agreed.
“Clients are demanding expediency and good service at a very good price,” said Whalen, a business and litigation attorney. That means absorbing nickel-and-dime costs like the merchant fee on credit card transactions rather than passing it on to the client. New technology such as online billing saves money and expedites cash flow, he added.

Whalen is paying “a heck of lot less” in operating costs. His previous firm was paying $100,000 for parking and $40,000 in off-site storage for paper documents, costs that were divided among the lawyers.

“We’re still paying rent, but now we’re paying it to ourselves. We wanted to own our own space,” said Whalen. “We’re working harder, but having more fun. We don’t worry about getting credit for who did what.”

Ledger Square didn’t scrimp on its new location. It opened its doors earlier this year in a stylishly remodeled space featuring rotating art work in Tacoma’s theatre district.

“I can’t tell you how many clients have commented on what an open, welcoming space it is,” he said. “That’s important, because for many people a visit to a lawyer is a very stressful experience.”

Small firms have a large economic impact, he added.

“The Washington State Bar Association (WSBA) will tell you that there are more lawyers working as solo and small practitioners than there are working at large law firms. With five lawyers, we’re probably above the median,” he said.

The biggest challenge so far has been absorbing the administrative duties of running a law firm, so they’ve chosen to outsource bookkeeping and other functions.

That’s an excellent idea for new boutiques, said Gil Price, a Seattle law firm management consultant.

He recalled an attorney who met with him about using Quicken software to run her financials. “I told her, ‘Look, this is going to take longer than one coffee date. Your CPA is going to have a heart attack when it’s time to do your taxes.’”

A bookkeeper can be had for $30 to $50 an hour, verses $300 an hour a typical boutique lawyer might bill, said Price. Another area ripe for outsourcing is IT.

Price is not an attorney but is a member of the WSBA’s solo and small practices executive committee. He sees an explosion in “boutique-ish” firms in a number of specialty areas, such as cannabis. Half of the state’s firms have 10 or fewer lawyers, according to the WSBA.

“They can run lean and mean, if they’re smart about how they do their business,” Price said.

Matt Hooper and Bryce Blum, founders of IME Law, a Seattle firm specializing in digital entertainment, are running lean and mean. Although they don’t yet have a website and been in business just a few months, they’ve landed five of the top 10 eSport accounts in world, said Hooper. They also served as production and finance counsel for “Mother’s Day,” a new film starring Jennifer Aniston and Julia Roberts.
“It’s been crazy busy. The hardest thing has been learning how to say ‘no,’ We just have too much work,” Hooper said, adding that digital entertainment law isn’t for the casually engaged. “It’s total immersion, a 360-degree experience. Clients aren’t just looking for someone to draw up a contract.”

The eSports sector “is already massive,” and is expected to comfortably exceed $100 billion in 2015, said Blum. He got his foot in the industry door while working at his old law firm, Foster Pepper. The eSports phenomenon is only going to continue to grow, he added. “The number of viewers has already surpassed that of Major League Baseball.”